

Weekly Economic Review

Albertans Spending and Building

Retail Sales

Nation-leading growth

Albertans spent \$6.5 billion at retail outlets in May, an increase of 6.5% from May 2013. This represents the highest growth of all the provinces (Chart 1). Year-to-date retail sales were up 8.3% from the same period last year. Sales from gasoline stations continue to be a growth leader, up 20.2% year-over-year (y/y), the seventh consecutive month above 15%. Furniture and home furnishing sales reported the second fastest growth at 9.2% y/y, the highest in 12 months. Motor vehicles and parts dealers had slower than usual growth for the second straight month (3.0% y/y), the lowest growth since July 2011.

Nationally, May retail sales were \$42.0 billion, up 4.0% y/y and 4.3% year-to-date. Alberta accounted for nearly a quarter of the year-over-year increase in national sales.

New Residential Building Construction Investment

Strong growth despite decline in single-unit buildings

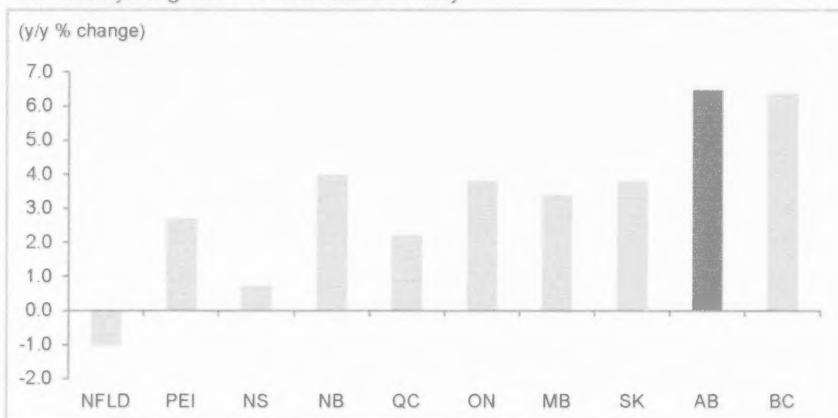
Real investment in the construction of new residential buildings increased 5.3% y/y in May to \$885 million, fueled by stellar growth in multi-unit buildings (+22.7%). Growth in multi-unit investment has accelerated in recent months, driven by a recovery in double-unit buildings. Investment in apartments continued its streak of double-digit growth, up 17.3% year-over-year and 19.1% year-to-date. Single-unit investment decreased 1.6% y/y, the first decline since November 2011. Investment remains up 3.0% year-to-date.

Job Vacancies

Positions still need filling

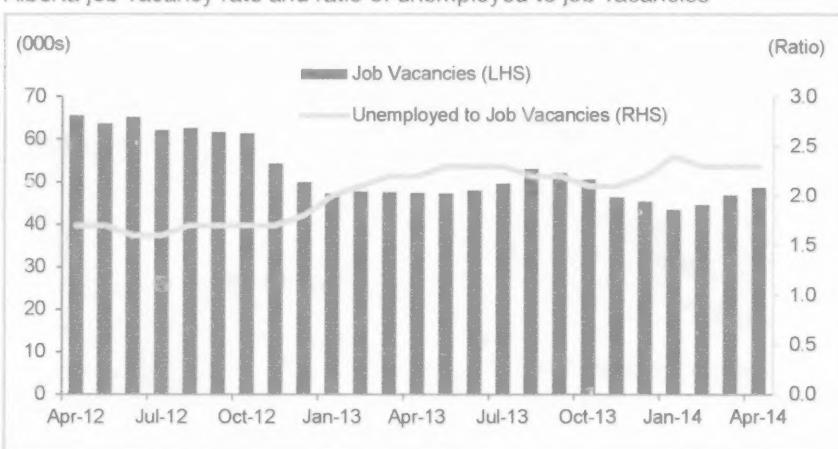
The number of vacant positions in Alberta was up slightly to 48,600 for the three months ending in April, putting the job vacancy rate at 2.4%, the highest in Canada. There were 2.3 unemployed people for every job vacancy in Alberta, a ratio that has been relatively stable over the last twelve months (Chart 2). The vacancy rate in accommodation and food services continues to rise, reaching 7.7%, a new high.

Chart 1: Alberta leads the provinces in retail sales growth
Year-over-year growth in retail sales in May



Source: Statistics Canada

Chart 2: Plenty of jobs still available in Alberta
Alberta job vacancy rate and ratio of unemployed to job vacancies



Source: Statistics Canada

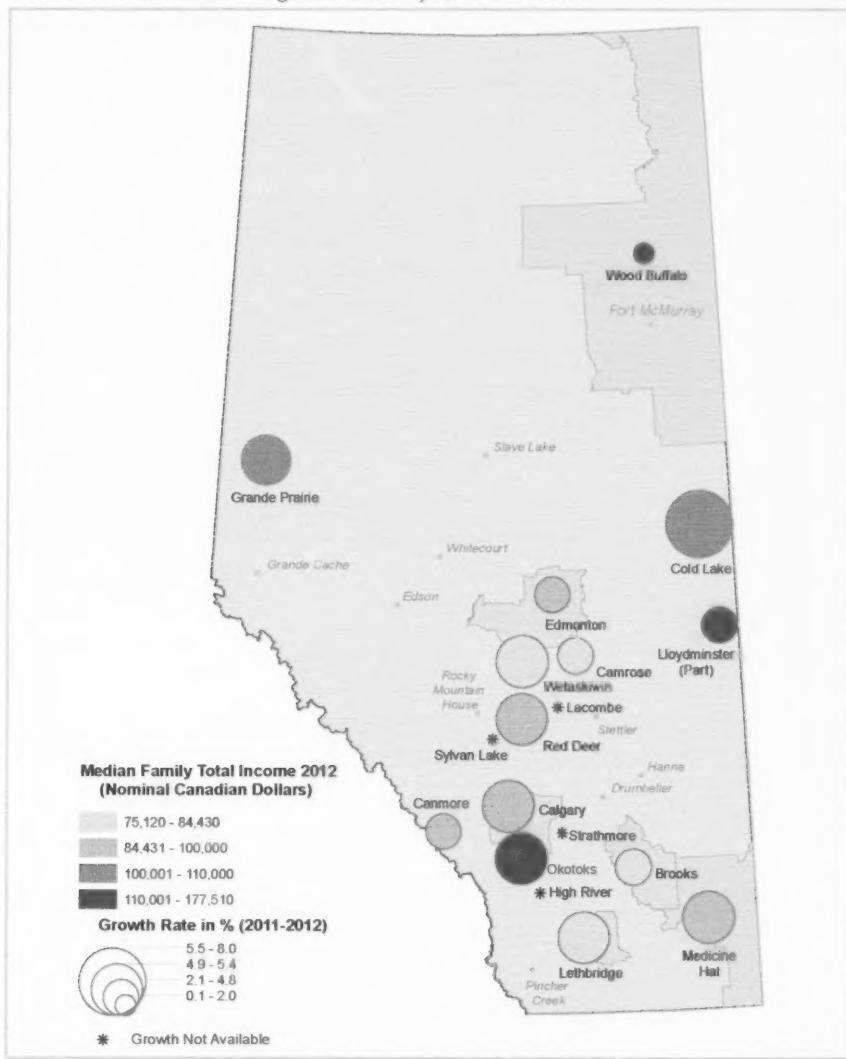
The vacancy rate in accommodation and food services surpasses the rates in the other Alberta industries by a large margin, with construction having the second largest rate at 3.4%.

Employment Insurance

Less people on regular benefits

The number of Albertans who received regular employment insurance (EI) benefits declined for the sixth straight month in May. There were 26,810 individuals who received EI benefits, a decrease of 2.2% from May 2013 and a 0.9% decrease from April. The number of EI recipients is currently below average, reflecting strong labour market conditions in Alberta.

Chart 3: Alberta Median Family Total Income
Total income and annual growth rate by CA and CMA



Source: Statistics Canada, Alberta Treasury Board and Finance

Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.

Total Income

Alberta leads in median income

According to the latest taxfiler data, Edmonton displaced Ottawa-Gatineau as the Census Metropolitan Area (CMA) with the second highest median family total income (before tax) in 2012, at \$96,030. Edmonton saw a strong growth rate from the 2011 income level at 4.5%. Calgary remains in first place at \$98,300, and led in growth at 5.2%, Median family income in Alberta was \$94,460, far above the Canadian median family income of \$74,540. Census agglomerations (CA) within Alberta also fared well. The Alberta CA with the lowest median family income (Wetaskiwin at \$75,120) was still above the Canadian median. The CA with the highest median family income was Wood Buffalo at \$177,510 (Chart 3).

World Economic Outlook

One bad quarter spoils the bunch. The IMF expects global real GDP to grow by 3.4% in 2014, before accelerating to 4.0% in 2015. Growth in 2014 was revised down by 0.3 percentage points, as first quarter weakness in China and the US weighed on growth. Many of the factors weighing on growth were temporary, and the IMF expects a rebound, though it will not be enough to offset the soft first quarter. Not all countries fared as poorly in the first quarter, with Spain, Germany, the UK and Japan surprising to the upside. Not surprisingly, given its dependence on the US, Canada's growth forecast was revised down, but only slightly, to 2.2% in 2014.

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